The target of doubling of agriculture credit was achieved within two years itself. The target of agriculture credit and achievement against it from 2003-04 to 2006-07 (upto December) is as under:

(Rs. in crore)

| Year | Target | Achievement |
|---|---|---|
| 2003-04 | No target fixed | 86,981 |
| 2004-05 | 105,000 | 1,25,309 |
| 2005-06 | 141.000 | 1,80,486 |
| 2006-07* | 175,000 | 1,49,343 |

*As on December 2006

To reduce the interest on Crop Loans availed by farmers for Kharif and Rabi 2005-06, an amount equal to two percentage points of the borrower's liability on the principal amount upto Rs. 1,00,000/- each was credit to their account. Thereafter, from Kharif 2006, to ensure that the farmer receives short-term production credit at 7% with an upper limit of Rs. 3 lacs on the principal amount, the Government is providing interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks (RRBs) and Cooperative banks on their lending from their own resources and refinance at concessional rates to cooperative banks and RRBs on their borrowings from NABARD.

Targets have also been set for providing credit to tenant farmers/ share croppers through the mechanism of Joint Liability Groups. Banks are extending credit through their Bank-Self-Help Group linkage programme Banks are also endeavouring to give Kisan Credit Cards to all eligible farmers.

**Rise in inflation due to buying of dollars by RBI**

2312. SHRI V. HANUMANTHA RAO: WHI the Minister of FINANCE be pleased to state:

(a) whether it is a fact that foreign exchange reserves rose by US$5 billion in the week ending 9th February, 2007;

(b) whether it is also a fact that the increase in foreign exchange holdings is due to strong buying by the RBI;

(c) whether it is also a fact that Indian foreign exchange holdings now total US $ 185 billion;

(d) whether the buying of dollars by RBI is the primary cause of recent inflation; and

(e) the steps proposed to watch the activities of the RBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir.

(b) The level of foreign exchange reserves depends on capital flows and current account balance and is composed, *inter alia,* of purchase/ sale of foreign currencies, valuation changes and aid receipts.

(c) India's foreign exchange reserves were US $ 193.1 billion on February 23, 2007.

(d) There is no direct one-to-one correspondence between foreign exchange reserves and inflation. The RBI has been sterilising capital flows to minimise the indirect impact on the economy as part of its monetary policy stance.

(e) Monetary policy comes under the purview of the RBI. RBI's overall monetary policy stance factors in the objective of price stability, reducing inflationary expectations while remaining supportive of growth, ensuring regular flow of credit and maintaining orderly conditions in financial markets.

**Price rise**

†2313. SHRI,LALIT KISHORE CHATURVEDI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that price rise as well as inflation have increased so much during the last two years that it has become difficult to survive for common man;

(b) whether it is also a fact that one of the reasons for this is the increase in the volume of indirect taxes;

(c) whether it is also a fact that another reason for this is a faulty import-export policy; and

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†Original notice of the question was received in Hindi.